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November 30, 2009

The Honorable City Council and
Management of the City of Irvine
Irvine, California

In planning and performing our audit of the financial statements of the City of Irvine (the City) as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit, we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. This matter is set forth below, together with our recommendation for improvement.

Bank Reconciliations

We reviewed the process for the monthly bank reconciliations and noted that bank reconciliations were not consistently completed and reviewed in a timely manner. An important element of internal control over cash is the timely reconciliation process to identify and resolve any differences between the bank and the general ledger balances. When differences are not properly identified in a timely manner, financial data could be misstated and misappropriations of cash, if any, may go undetected. We recommend that bank reconciliations be completed and reviewed to allow timely resolution of any differences. In addition, we recommend that the reconciliations be initialed and dated by both the preparer and reviewer as evidence of the timely completion of this control process.

This communication is intended solely for the information and use of management, the City Council, and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Diehl, Evans and Company, LLP

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